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**Section IV:**  
**AMENDMENT UNDER 37 CFR §1.121**  
**REMARKS**

**Request for Telephonic Interview**

Applicant hereby requests an telephonic interview with the examiner prior to examiner's issuance of the next Office Action in this patent application. Due to the nature of the terminology of auctions being inexact in some instances (e.g. offer to sell vs. offer to purchase), and due to the number of different types of auctions, we have amended our claims to make sure that our terminology is consistent with the definitions provided in our disclosure so as to minimize confusion with other auction technologies.

However, it is possible that discussion of our amendment with the examiner may assist in evaluating these claims in light of our specification. As such, we respectfully request the examiner to contact the applicant's representative, Robert Frantz, at 405-812-5613, to indicate a time and date for a telephonic interview at the examiner's convenience and availability, prior to issuance of the next Office Action in this case.

**Rejections under 35 U.S.C. §102(a)**

In the Office Action, the examiner has rejected claims 1, 6-9, 14-18, and 21 under 35 U.S.C. §102(a) for lack of novelty as being anticipated by U.S. Patent Number 6,085,169 to Walker (hereinafter "Walker"). Claims 1, 9 and 17 are independent claims upon which all other claims depend.

Our claimed invention relates to preparing lists of items available from a supplier on which a bidder may bid to purchase in a traditional style auction process. This list is prepared in advance of opening the auction or receiving any bids from the bidders. Our claimed invention takes a complete list of all items being made available from a supplier (e.g. a full list of computer products available from IBM), and filters that list to produce a list of items on which a certain bidder is entitled to bid under contract (e.g. produce a list only containing hard drives for sale for a bidder or broker who has a contract only to sell IBM hard drives but not any other IBM computer products). This "entitled offering" is sent to each broker prior to opening the auction and prior to receipt of any bids for purchase from the bidders or brokers.

It is important to note that the Walker patent discloses specific methods and techniques related to "reverse auctions" instead of traditional auctions, such as the PriceLine.com reverse auction (please see Appendix B to this reply for a reprint of a definition of "reverse auction" from

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Supply and Demand Chain Executive). A primary difference between the two is that in a traditional auction, the "offeror" or seller initiates the process by posting a list of items available for purchase, and the "bidders" subsequently post bids or offers to purchase. So, there is typically a relationship established by one offeror to many bidders, and the bidders are not allowed to submit bids before the list of available items is posted (e.g. before the auction opens).

In a *reverse* auction, however, the process is initiated by a bidder, not by an offeror, and the first step is the bidder posting a offer *to purchase* (not and offer *to sell*) an item or service at a certain price. A matching item may or may not be available from a supplier when the bid is placed, and the auction does not "open" and "close" as a traditional auction does. This unsolicited offer *to purchase* is then distributed to one or more potential suppliers. If a supplier has an item matching the criteria set by the bidder and accepts the bidder's offer to purchase, then the deal is consummated.

The Walker patent addresses certain needs for such *reverse* auctions, as indicated by Walker's recitation of a "need in the art" (col. 2, line 25, "A further need exists for a buyer-driven system ..."), and throughout the disclosure in which the process is described as starting with a bidder placing an offer to purchase (e.g. Walker's CPO offer) without the mention of any lists of available items from suppliers being provided first. Walker's examples all pertain to a bidder defining parameters such as desired flight dates, origination cities and a destination cities, times, etc., non-specific to any actual flights. These bidder-desired criteria (e.g. buyer-defined parameters) are then used to determine whether or not any actual available items (e.g. flights) meet these criteria from a number of potential suppliers. Clearly, the buyer initiates the process and the sellers never post a list of available items under the Walker process. This interpretation is also consistent with the well-know PriceLine.com business model, who is the assignee of the Walker patent.

In a traditional auction, however, the buyer is not allowed to describe or define his or her desired item in such a manner, but rather is required to bid on specific items offered from a specific supplier. The list of available items is posted first, and the bids are subsequently received from the bidders.

It is also important to note that Walker's "rules" for evaluating the CPO's from the bidders are different from our claimed "broker entitlement schema". Walker's rules are used to evaluate a CPO to determine if it is acceptable or not as a bid. If it is not, the bid is rejected.

Our "broker entitlement schema", however, does not deal with the bids and their acceptability, but instead deals preparation of lists of available items in advance of receiving any bids for purchase (e.g. determining exactly what information is to be provided from a supplier to a bidder about items which are available to purchase *in advance* of receiving bids from bidders in a

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traditional-style auction). Walker's reverse auction never provides information about available items for purchase (prior to bidding), and thus Walker's rules have nothing to do with preparing lists of items on which the bidder may subsequently bid.

1. The cited reference, Walker's patent, does not properly anticipate the claimed invention, as it fails to disclose all the claimed steps, elements or limitations. MPEP 2131 states:

TO ANTICIPATE A CLAIM, THE REFERENCE MUST TEACH  
EVERY ELEMENT OF THE CLAIM (*capitalization emphasis found in  
original text*)

Because the facts of the case as set forth below indicate that the cited reference does not properly teach all the steps, element or limitation of the claim, the rejection should be withdrawn:

- i. Walker does not disclose filtering and posting a list of available items for bidding *prior to* receipt of bids to purchase those items (our claims 1, 9 and 17), but rather discloses receiving bids (CPO's) for purchase without regard to actual available items ("A CPO is a binding offer containing one or more conditions submitted by a customer for purchase of an item ...", col. 2, lines 43 - 44, emphasis added);
- ii. Walker does not disclose producing a list of items to which a broker or bidder is entitled to bid based upon a contractual relationship between a supplier or offeror and the bidder or broker (our claims 1, 9, and 17), but rather discloses receiving allowing the bidder to define the items for sale without a prior relationship with the supplier or offeror (a buyer-driven system that permits the customer to set the price, col. 2, lines 25 - 27); and
- iii. Walker does not disclose filtering a first list of available items using a broker entitlement schema to produce an entitled offering (e.g. a list only having items in it on which a broker is entitled to bid) (our claims 1, 9, and 17), but rather discloses a set of "rules" for a for accepting or rejecting a bid from a bidder ("The CPO rules are utilized by the CPO management system to render a decision to either accept, reject, or counter a CPO on behalf of a particular seller", col. 2, lines 49 - 51, and "... the CPO management central

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server will execute a CPO management process to compare the received CPO against the CPO rules of each airline, to determine whether to accept, reject or counter the CPO", col. 3, lines 52 - 54).

2. The cited reference, Walker's patent, does not properly anticipate the claimed invention, as it fails to disclose all the claimed steps, elements or limitations as set forth according to the applicant's terminology. Terminology and definitions of the cited reference(s) have been improperly employed to interpret the meaning and scope of the applicant's claims. MPEP 2173.01 states:

**MPEP 2173.01 Claim Terminology.** A fundamental principle contained in 35 U.S.C. 112, second paragraph is that applicants are their own lexicographers. They can define in the claims what they regard as their invention essentially in whatever terms they choose so long as the terms are not used in ways that are contrary to accepted meanings in the art.

Further, MPEP 608.01 states:

The claims should be construed in light of the specification.

The facts of the case set forth below indicate that the cited reference does not properly teach all the steps, element or limitation of the claim according to the terminology and definitions of the applicant's specification. Therefore, the rejection is unsupported by the cited art, and its withdrawal is requested.

- i. Our "broker entitlement schema filter" has been equated to Walker's bid acceptance/rejection rules, contrary to our definition of the term "broker entitlement schema" which relates to the production of a list of available items and not to the conditions under which a bid is accepted or rejected.

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**Rejections under 35 U.S.C. §103**

In the Office Action, the remaining claims 2-5, 10-13, and 22-23, were rejected as being anticipated under 35 U.S.C. §102(a) by Walker, or alternatively as being obvious under 35 U.S.C. §103(a) over Walker as a sole reference. As indicated in the remarks above, Walker does not properly anticipate our claims under 35 U.S.C. §102(a), and our claimed invention is not obvious in view of Walker alone as discussed in the following remarks.

3. The combination or modification of the references in the manner suggested by the examiner would render the primary reference inoperable or unsatisfactory for its intended purpose. MPEP § 2143.01 states:

If [the] proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification.

The facts derived from the references and set forth below indicated that the suggested combination or modification would render the primary reference inoperable or unsatisfactory for its intended purpose. Therefore, the rejection is unsupported by the cited art, and its withdrawal is requested.

- i. It would be contrary to the object of the Walker system to provide a list of available items and prices to the bidder *in advance of receiving an offer to purchase* in a reverse auction as described by Walker (especially see Walker's extensive methods to protect the information regarding what is actually available from each airline disclosed at col. 3, lines 10 - 39)

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4. The combination or modification of the references in the manner suggested by the examiner would change the principle of operation of the primary reference. MPEP §2143.01 states:

If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious.

The facts derived from the references and set forth below indicated that the examiner's suggested combination or modification would change the principle of operation of the primary reference. Therefore, the rejection is unsupported by the cited art, and its withdrawal is requested.

- i. To provide a list of available items and prices to a bidder (even if filtered for items to which the bidder is entitled to purchase) in advance of receiving a bid from the bidder is contrary to operation of a reverse auction as addressed by Walker.

5. The combination or modification of the references in the manner suggested by the examiner does not teach all the claimed elements, steps, or restrictions. MPEP §2143.03 states:

**All Claim Limitations Must Be Taught or Suggested.** To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art.

The facts derived from the references and set forth in the foregoing remarks indicate

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that the examiner's suggested combination and modification of the cited references does not teach all claimed elements, limitations or step. Therefore, the rejection is unsupported by the art and should be withdrawn.

**Conclusion**

It has been established that the rejections are not supported by the cited art, especially in view of the present amendment. Applicant requests withdrawal of all rejections and allowance of the claims as amended.